

# Maurice Hinchey NEWS

## 26<sup>TH</sup> CONGRESSIONAL DISTRICT, NEW YORK

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### **HINCHEY ASSAILS ADMINISTRATION FOR PROPOSAL THAT WOULD MAKE COLLEGE MORE EXPENSIVE**

WASHINGTON - U.S. Representative Maurice Hinchey (NY-26) today sharply criticized a Bush Administration proposal that would prevent students from consolidating their student loans and locking in a lower, fixed rate. Hinchey called the proposal the latest example of the president shortchanging critical needs in order to pay for the massive tax cut he pushed through last year.

"The reason for this proposed change is obvious," Hinchey said. "Following the enormous tax cut last year, the budget outlook shows deficits far into the future. So in order to pay for this tax cut that benefits only the wealthiest individuals and corporations in the country, the president is trying to collect an extra \$1.3 billion from students and graduates who are paying back college loans. We should be making college more affordable, not putting it out of reach for hundreds of thousands of families. I'm going to do everything I can to fight this proposal."

Every year, nearly 700,000 students consolidate their student loans in order to benefit from a fixed, lower interest rate. This saves the students money and allows them to pay off their loans sooner. It can be applied over the full term of the loan, up to 30 years. The Bush Administration has proposed legislation that would eliminate this option. Under this plan, consolidated loans would have variable interest rates, which fluctuate with market rates.

"This proposal hurts people who are working hard to improve themselves and provide for their families," Hinchey added. "It particularly hurts low-income students since they're the ones most likely to graduate with significant debt. Under the president's proposal a student with a \$20,000 loan would have to pay about \$5,300 more in interest over the term of the loan."

Hinchey made his remarks following a Capitol Hill rally with students and legislators to protest the proposed legislation.